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The President's Daily Brief

October 21, 1976

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WORLD GRAIN: *Our revised estimate of 1976-1977 world grain production, excluding rice, is 1,062 million tons, 8 percent above the 1975-1976 figure and 3 percent above the record figure for 1973-1974.*

These forecasts are based largely on the improved outlook for this year's grain market in the Northern Hemisphere, particularly in the USSR.

World grain stocks for 1976-1977 are likely to increase by 15 to 20 million tons. Wheat, primarily US and Canadian, will account for most of the increase.

The USSR boasts the largest increase of any major producer, 24 million tons more than last year's poor harvest. Although the wheat crop in both Western and Eastern Europe suffered from drought conditions, it still exceeds last year's low level.

We expect global wheat import demand for 1976-1977 to fall 6 million tons below last year's level and to be the smallest since 1971-1972. The cut in Soviet imports will more than offset larger European import requirements.

We estimate that demand for US exports of wheat for 1976-1977 will total 28.5 million tons, 3 million tons below last year's figure. Our estimate of the demand for US exports of corn for 1976-1977 is 39.6 million tons compared with the record 43.2 million tons shipped during 1975-1976.

* * *

LEBANON: *The various groups involved in the Lebanese conflict are not likely to honor the cease-fire scheduled to go into effect this morning.*

Once the Palestinians, leftists, and Christians learn that the expanded peace-keeping force agreed to at the mini-summit will include 25,000 Syrian troops already in Lebanon, they are not likely to cooperate with any withdrawal timetable.

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Christian spokesmen have complained about the 90-day lag between the end of the withdrawals and the time the Cairo accords, which would restrict the Palestinians to their camps, go into effect. Many Christian leaders believe that even full implementation of the accords--which are ambiguous, and partially verbal--would be insufficient.

Palestine Liberation Organization chief Yasir Arafat and his leftist allies seem to have lost at the mini-summit. Arafat presumably believed that at least President Sadat would defend the interests of the Palestinians and that President Asad would come under considerable pressure to end his military operations. Sadat, by accepting an overwhelming Syrian predominance in the peacekeeping force, clearly agreed to a strong Syrian role in Lebanon for the foreseeable future.

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The Christians yesterday beat back Palestinian and leftist efforts to retake the village of Marj Uyun.

The Israelis seem to have been supporting the Christians in Marj Uyun and Ayshiyah with artillery. The Palestinians believe that the village of Yarun was occupied yesterday by Israeli troops. We cannot confirm that Israeli forces crossed the border. They had been limiting their support of the Christians to artillery fire, although small Israeli patrols have been known to enter Lebanon in the past.

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NOTES

[redacted] *a large paratroop exercise scheduled to be held in western* Egypt *near the* Libyan *border last week was postponed and possibly canceled.*

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We do not know why the exercise was not held. Bad weather over the past week forced the Egyptians to delay--but apparently not cancel--other scheduled exercises. It may be that there is a relationship between the postponement--if not cancellation--and Cairo's recently reported efforts to bring about at least a tactical reconciliation with Tripoli.

On the Libyan side, satellite photography of late September and early October shows that Tripoli continues to make modest improvements in its forces along the eastern border with Egypt.

* * *

A Soviet *Mayak-class intelligence collection ship entered the Gulf of Mexico on Tuesday.*

The ship may be en route to monitor a US military exercise now underway in northwestern Florida. As of last night, however, it was about 300 miles off the coast of Clearwater, Florida.

This is only the third time since 1969 that a Soviet intelligence ship has been in the Gulf of Mexico. On the previous two occasions--in 1969 and in 1971--an intelligence ship supported Soviet warships that had moved into the area.

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The USSR *and* China *recently conducted underground nuclear tests.*

The Soviets apparently intend to continue using the Matochkin Shar Test Area. They are constructing another tunnel, but it probably will not be ready for use until next year.

The Chinese test on October 17 occurred at a new underground test area at Lop Nor/Singer, about 15 nautical miles north of the area used for China's two previous undergound tests. Preparations for the test were noted in late July. 25X1

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Japanese *Prime Minister Miki's opponents in the ruling Liberal Democratic Party are preparing another attempt to replace him with Deputy Prime Minister Fukuda as party president at the party convention on October 31.*

Leaders of the anti-Miki camp, including Finance Minister Ohira, are likely to endorse publicly Fukuda's candidacy today. With the end of a relatively successful Diet session now in sight and Miki's insistence upon serving a full three-year term, the Prime Minister's rivals are concerned that Miki will strengthen his hold on the office by presiding over the Lower House election in December.

By backing Fukuda for party president now, they hope to deny Miki credit for the party's probable

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electoral success and to set the stage for his removal as prime minister soon after the election.

Fukuda generally can count on the support of about two thirds of his party but is by no means assured of success at the convention. There is some sentiment--among both Miki's supporters and opponents--that the leadership question should be resolved after, rather than before, the election. Indeed, unless Fukuda moves into open opposition by resigning from the cabinet before the convention, the convention probably will not even address the leadership question.

* * *

Demonstrations have begun in China, apparently to celebrate the appointment of Hua Kuo-feng as chairman of the Central Committee of the Chinese Communist Party.

Word spread informally yesterday in Peking that the official announcement of Hua's promotion and the purge of the radicals was imminent. This morning, the US Liaison Office reported that organized groups were marching exuberantly through the capital's streets to a mass rally in Tienamen Square. The marchers chanted support for Hua and denunciation of the radicals.

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